

**TESTIMONY**

of

**JUDSON S. GILBERT, II**  
**MICHIGAN STATE SENATOR 25<sup>th</sup> DISTRICT**

before the

U.S. House of Representatives  
Committee on Government Reform  
Subcommittee on Regulatory Affairs

*“FEMA’s Floodplain Map Modernization: A State and Local Perspective”*

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Good Morning Madam Chair and members of the Subcommittee. I would like to welcome you to the 25<sup>th</sup> Senate District and to my hometown of Algonac.

I would like to share with how the remapping effort that the Federal Emergency Management Agency (FEMA) is currently undertaking is having a negative impact on the people of my district. As you are aware, the National Flood Insurance Program requires property in floodplains to be covered by special flood insurance if the property owner has a federally-backed mortgage. In order to determine whether a piece of property lies within a floodplain, FEMA uses a floodplain map. The primary source of floodplain mapping information in Michigan is the Flood Insurance Rate Maps (FIRMs), which are developed by FEMA. Of the 1,776 communities (Cities, villages, and townships) in Michigan, currently about 750 communities have floodplain maps that have been developed by FEMA. Clay Township, Ira Township, and the city of Algonac are only 3 of the 750 communities that will be impacted as FEMA process the entire state.

The elevations in a floodplain map are based on the idea of a "100-year flood," a term that FEMA uses to describe the 1% chance of a major flood destroying property. This base flood is the standard for floodplain management that has been adopted by almost every Federal, state, and local agency. I have been told that the *preliminary* changes to the map will increase the flood plain threshold 14 inches in Clay Township, Ira Township, and here in the city of Algonac. In fact, in Clay Township alone, local officials estimate that, with these proposed changes by FEMA, the number of property owners forced to purchase floor insurance could double. Affected structures have been built to meet standards that have been in place for nearly 20 years. But now, it seems the FEMA is changing the rules of the game.

You see, Michigan is already a donor state that receives little money returned from the amount that we send to Washington each year. Flood insurance policy holders in Michigan will be paying nearly \$15.5 million in premiums. Yet in 28 years, Michigan has received only \$38.1 million in claims; and only 17 states have received less money than Michigan during that time. On the other hand, Michigan policyholders will be paying the fifteenth highest premiums of all states. I understand that the nature of insurance is not always fair, but the numbers do not lie. States like Michigan are paying exorbitant amounts of money and getting little in return. Michigan residents will pay \$200 more per premium than residents in the 5 Gulf States.

The National Flood Insurance Program is in trouble. The program will pay out over \$9 billion more in payments for the tragic hurricanes last year than it has in its entire history. FEMA is required by statute to pay back funds that are borrowed to make the payments. This money has

to come from somewhere, and everyone in the area is afraid that they will be one of those sources. This is unfair.

At the end of February of this year, St. Clair County had received about \$2.7 million dollars in claims paid for the entire history of the National Flood Insurance Program. Today, county residents pay roughly \$800,000 per year in premiums. If the FEMA plans are finalized, local officials anticipate that a minimum of 700 properties will be added to the program in Clay Township alone. If these properties each paid the average premium for Clay Township (which is \$500), then FEMA will receive an additional \$350,000 from township residents alone.

Since 1978, Clay Township has received only \$1.1 million in claims. This remapping will only increase the amount we pay with little or no return to our constituents. Perhaps, Madame Chair, we should consider having Michigan opt-out of the National Flood Insurance Program. This way, Michigan wouldn't be FEMA's cash cow, paying \$15 million annually. We could run our own program, keeping the premiums here in the state, and do better than just receiving the \$1.4 million per year in return on what we send to Washington.

These proposed changes are an unnecessary expense and inconvenience to families and business who met necessary requirement when their homes were built. It makes even less sense at a time when water levels in this portion of the Great Lakes basin are within inches of record lows. The impact of these changes will be felt far into the future as thousands of people will be forced to purchase flood insurance, adding about \$600 annually to the budgets of hard working people in our state.

Madame Chair, during these difficult financial times, government should be examining ways to alleviate financial hardship on our families and businesses, not strapping them with unnecessary costs and regulations. You see, people are leaving the state of Michigan because we are experiencing a one-state recession. Our unemployment levels are high. Our economy is suffering. And these types of burdensome fees and hidden taxes are a disincentive for people to live in Michigan. Millions are taken away from Michigan families when they can not afford it.

The impact goes beyond just having more people purchase insurance and subsidizes this federal program with their hard earned dollars. You yourself, Madame Chair, made note of this earlier this year when you stated on the floor of the United States House of Representatives, "*Since 1978, that was the year Michigan actually opted into the program, the people of Michigan have paid \$138 million; and in that same time FEMA has paid outside claims totaling less than \$38 million.*"

I may not know everything there is to know about the job that FEMA does. What I know for sure is this, Madame Chair. If we were on the Board of Directors of a corporation and we did not give our stockholders a fair return on the shares that they bought in our company, we would be fired. FEMA is a broken down company that is not giving it's shareholder their fair return.

Our constituents have already paid more than they have received from this program. This remapping process will require even more to do the same with little to no return. I urge the Subcommittee, along with other Members of Congress, to monitor closely the process that

FEMA is undertaking. Please do what you can to protect the people who carry the most burden in funding this expensive federal program.